

May 5th, 2025

The Honorable Scott Bessent
Secretary
United States Department of Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

Kevin Hassett
Director
National Economic Council
1600 Pennsylvania Ave. N.W.
Washington, DC 20500

The Honorable John Thune (R-S.D.)
Senate Majority Leader
United States Senate
Washington, DC 20510

The Honorable Mike Crapo (R-ID)
Chairman Senate Finance
United States Senate
Washington, DC 20510

The Honorable Mike Johnson (R-LA)
Speaker of the House
U.S. House of Representatives
Washington, DC 20515

The Honorable Jason Smith (R-MO)
Chairman House Ways and Means Committee
U.S. House of Representatives
Washington, DC 20515

We write today in opposition to any limits on the ability of businesses to deduct state and local taxes paid, unless offset dollar for dollar by new, broad-based, and permanent pro-growth tax reforms.

The ability of businesses to deduct state and local taxes paid on their profits is a longstanding “ordinary and necessary expense” embedded in the U.S. tax code. Corporations have been able to deduct state corporate income tax paid for as long as such taxes have existed. “Pass through” entities like Subchapter-S companies, partnerships, etc. were confirmed in their ability to deduct state and local profit taxes paid at the entity level in the 2017 “Tax Cuts and Jobs Act.” And businesses have always been able to deduct all other state and local taxes, such as property taxes and severance/extraction taxes.

The challenges businesses face in the current economic environment means that tax hikes on them should be avoided. Tariffs, wild stock and bond market swings, and widespread predictions of a recession mean that now is the wrong time to raise taxes on businesses.

President Trump and the Congressional Republican majority did not run on business tax increases. In fact, the GOP trifecta was achieved with the opposite promise—to stop tax increases across the board, and to make the Trump tax cuts permanent. Eliminating longstanding, ordinary and necessary business deductions raises average effective income tax rates.

Business taxes paid on business profits are fundamentally different from the individual SALT cap debate. Businesses deduct costs incurred for all ordinary and necessary expenses—rent, salaries, equipment, and state and local taxes. This has nothing to do with how much personal income tax, sales tax, and property tax an individual or family gets to deduct on their tax return. The two issues are only loosely



connected because income taxes on businesses are apportioned based on where transactions take place, not where businesses are located.

It's vitally important that *all* the provisions of the 2017 Tax Cuts and Jobs Act be made permanent. We look forward to working with you in the coming weeks to enact permanent, pro-growth tax reforms for American families and employers.

Sincerely,

Ryan Ellis

Center for a
Free Economy

Charles Sauer

Market Institute

Pete Sepp

National Taxpayers Union

Kent Kaiser

Trade Alliance to
Promote Prosperity

John Goodman

Goodman Institute

Patrice Onwuka

Independent Women's
Voice

Patrick M. Brenner

Southwest Public
Policy Institute

Susan Carleson

Carleson Center for
Welfare Reform

Jim Edwards

Conservatives for
Property Rights

David Wallace

Fair Energy

Jeff Cargerman

Inventors Project

Andrew Langer

Institute for Liberty

Tom Giovanetti

Institute for Policy
Innovation

George Landrith

Frontiers of Freedom

Gabriel Llanes

Legacy of Liberty PAC

James Davis

Fans for Fair Play

Norm Singleton

US Policy

Bartlett Cleland

Innovation Economy
Alliance

Paul Gessing

Rio Grande
Foundation

Jeffrey Mazzella

Center for Individual
Freedom

Kevin Kearns

US Business and Industry
Council

Terry Neese

National Grassroots
Network

C. Preston Noell III

Tradition, Family,
Property, Inc.

Julio Rivera

Reactionary Times

Casey Givens

Young Voices

Ryan McGowan

Institute for Legislative
Analysis

Autry Pruitt

New Journey PAC

J.W. Delano

Southeast Texans
for Liberty

Larry Ward

Constitutional Rights
PAC

Matthew Kandrach

Case for Consumers



**S Corporation
Association**

Palmer Schoening
Family Business Coalition

Angie Wong
Capitol Hill Fight Club PAC



**National Ready Mixed
Concrete Association**

**Associated Equipment
Distributors**

**Independent Electrical
Contractors**



**The Association for
Hose and Accessories
Distribution**

**National Lumber &
Building Material
Dealers Association**

Energy Marketers of America



**Air Conditioning
Contractors of
America**

**American
Subcontractors
Association**

Leading Builders of America



**National Roofing
Contractors
Association**

**Small Business &
Entrepreneurship
Council**

**National Association of
Professional Insurance
Agents**



**National Wooden
Pallet & Container
Association**

**Forest Resources
Association**

**Specialty Equipment Market
Association**



**Hartz Mountain
Industries**

**National Association of
Insurance and Financial
Advisors**

**National Council of Farmer
Cooperatives**



**National Association
of Convenience Stores**

**North American
Association of Food
Equipment
Manufacturers**

**National Propane Gas
Association**

Saulius "Saul" Anuzis
American Association
of Senior Citizens

James L. Martin
60 Plus Association

Ralph Benko
Capitalist League



Colonel Rob Maness
Gator PAC

Chadwick Hagan
Founding Principles PAC

**Structural Insulated Panel
Association (SIPA)**



**The Sheet Metal and
Air Conditioning
Contractors National
Association**

**International
Foodservice Distributors
Association**

**Wholesale Florist and Floral
Supplier Association**

**Glass Packaging
Institute**

Jim Pfaff
Conservative Caucus

Irrigation Association

**Air Conditioning
Contractors for
America**

**Water and Sewer
Distributors of American**

**National Utility Contractors
Association**



**National Tooling and
Machining Association**

**North American of Food
Equipment
Manufacturers**

National Retail Federation

**Precision Metalforming
Association**

**Precision Machined
Products Association**

FCA International

**Performance Racing
Industry**